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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Analysis of establishing a global procurement hub for all peacekeeping missions in Brindisi, Italy

Report of the Secretary-General*

Summary

The present report is submitted pursuant to General Assembly resolution 57/320 of 18 June 2003, in which the Secretary-General was requested to include in his report on a comprehensive examination of the merits of establishing a global procurement hub for all peacekeeping missions at the United Nations Logistics Base in Brindisi, Italy (UNLB), as recommended by the Advisory Committee on Administrative and Budgetary Questions (see A/57/772/Add.9), the merits of relocating all support account posts and non-post resources at Headquarters pertaining to the Logistics Support Division, as well as those related to communications and information technology services related to peacekeeping missions, to Brindisi.

The Secretary-General conducted a comprehensive review of the merits of establishing such a procurement hub and transferring logistics support functions to UNLB. The review focused on the advantages and disadvantages of creating the procurement hub at Brindisi and the operational impact on the efficient and effective functioning of the Logistics Support Division of the Department of Peacekeeping Operations and the Procurement Division of the Office of Central Support Services, Department of Management, of the Secretariat. The review concluded that while there are some advantages to creating such a hub, they are far outweighed by disadvantages. Based on the review, the creation of such a procurement hub for peacekeeping missions is not considered to be an efficient and effective use of the Organization's resources.

* The issuance of the present report has been delayed owing to time constraints experienced in its coordination and formulation as a result of current expansion of activities in the area of peacekeeping missions and the need to attend to urgent operational issues.

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I. Background

1. In its resolution 57/320, the General Assembly requested the Secretary-General to include in his report on a comprehensive examination of the merits of establishing a global procurement hub for all peacekeeping missions at the United Nations Logistics Base in Brindisi, Italy (UNLB), as recommended by the Advisory Committee on Administrative and Budgetary Questions,[1] the merits of relocating to Brindisi all support account posts and non-post resources at Headquarters pertaining to the Logistics Support Division, as well as those related to communications and information technology services related to peacekeeping missions. The present report addresses these issues.

II. Review and analysis of the proposed relocation

2. The support account posts in the Procurement Division of the Department of Management sustain the procurement needs of United Nations peacekeeping operations. More then 65 per cent of such procurement originates in and is administered by the Logistics Support Division. The findings of the review, which investigated the advantages and disadvantages and, in particular, the operational impact of establishing a procurement hub at UNLB, are set out below.

A. Advantages

3. There are numerous advantages to the establishment of a global procurement hub at UNLB, including: having rent-free premises provided and, thus, being able to reduce the pressure for office space allocation at Headquarters; having the opportunity to operate in a closer time zone to the majority of peacekeeping missions; enhanced ability to perform on-site contract management for strategic deployment stocks for peacekeeping requirements; and reduced cost of operating in Italy (staff costs, etc.) as opposed to Headquarters. In reality, should it be decided to establish a procurement hub in Brindisi, no monetary savings would be achieved since additional resources would be required within the Procurement Division and in liaison functions within the Logistics Support Division, the field mission systems and the Procurement Division.

B. Disadvantages

4. There are a number of disadvantages to the establishment of a global procurement hub, including the difficulty of attracting and maintaining qualified and experienced international staff due, in main, to the absence of international or foreign schools. This may lead to increased costs in education grants for enrolment in schooling away from the duty station. A move to Brindisi could also result in high vacancy rates (as is currently the case), disruption to essential services and the consequent hiring of local professional staff, which, in turn, would have a detrimental impact on the current geographical diversity of staff. Coordination challenges from operating in a different time zone from the majority of the daily points of interaction at Headquarters and the loss of surge capacity (that is, an inability to utilize the staff of the Procurement Division at Headquarters to assist

during peaks and vice versa) would also have a negative effect on the quality of services being provided. Other costs to the organization, which are not immediately visible, are those associated with the relocation of staff and the need to increase the resources both in Brindisi and at Headquarters during the period of the move in order to ensure uninterrupted service to Headquarters and the peacekeeping missions.

III. Organizational issues

5. In carrying out the review, the following was assumed: (a) the organizational structure of the Procurement Division and the Logistics Support Division would not change significantly as a result of geographic relocation and (b) entities external to the Procurement Division (clients, the Office of Legal Affairs, the Headquarters Contracts Committee, the Office of Internal Oversight Services (OIOS), the permanent missions to the United Nations, consular commercial services) and the Logistics Support Division (the Office of Operations, the Military Division and the Administrative Support Division), with whom interaction is required, will remain at Headquarters.

A. Functions of the Logistics Support Division

6. The Logistics Support Division, the only source of technical logistical expertise at Headquarters, is responsible for providing advice on this field to the senior management of the Department of Peacekeeping Operations and other United Nations departments in order to ensure that there is a clear understanding of required and available resources, as well as of any constraints, when planning and implementing peacekeeping and peace-building missions. The Division represents the logistics interests of field missions at Headquarters and provides direction and guidance to them in order to ensure that effective logistics support is provided for the fulfilment of their mandates as set forth in the relevant Security Council resolutions. The Division is also required to respond to and address organizational and external demands, often at short notice, from, among others, the Security Council, the General Assembly and its bodies and committees, internal and external auditors, United Nations agencies, high-level studies and Member States. In addition, the Communications and Information Service of the Department of Peacekeeping Operations is responsible for satisfying the information and communications technology (ICT) needs of missions worldwide, including the development of appropriate information systems and testing and analysing them prior to deployment.

B. Functions of Procurement Division

7. Currently, there are 29 support account posts in the Procurement Division (17 Professionals and 12 General Service posts). The Division, the only source of technical procurement expertise at Headquarters, is responsible for providing such advice to senior management of the Department of Management as well as to other departments of the United Nations. In addition, the Division, as the lead agency for the procurement of certain significant commodities, undertakes international

competitive bidding to establish multi-agency agreements, thus providing support to the specialized agencies, funds and programmes of the United Nations, and leads the Common Services Procurement Working Group under the Secretary-General's reform initiative. The Division is also required to respond to and address organizational and external demands, often at short notice, from, among others, the Security Council, the General Assembly and its bodies and committees, internal and external auditors, United Nations agencies, high-level studies and Member States.

8. As stated in paragraph 2 above, the Logistics Support Division is the main requisitioner of the services of the Procurement Division. Both Divisions rely on daily face-to-face collaboration to ensure the effective planning and procurement of common peacekeeping requirements as well as to facilitate volume discounts through consolidated buying and large systems contracts. In addition, since some requirements are procured under joint systems contracts for both the Logistics Support Division and Headquarters, interaction between the Division and technical divisions at Headquarters is required on an ongoing basis. Global procurement for peacekeeping operations is currently carried out by the Field Procurement Section and part of Logistics and Transport Section, which are supported by the common infrastructure of the Procurement Division: the Office of the Chief and the Support Services Section (vendor registration, IT support, contract support, registry, bid opening and archives). The Communications and IT Support Team of the Field Procurement Section procures not only on behalf of the Logistics Support Division, but generally on a consolidated basis to include clients at Headquarters, the international tribunals and offices away from Headquarters. The total procurement volume for peacekeeping in 2003 exceeded $600 million, including local procurement in the field.

IV. Review of the Procurement Division and the Logistics Support Division

9. The review focused closely on the interactions within and external to both the Logistics Support and the Procurement Divisions as well as on their operational functioning. In addition to the extensive interaction within the Logistics Support Division, it has extensive interaction with other entities, including: the Office of Mission Support, the Department of Peacekeeping Operations, the Procurement Division, other United Nations departments, the legislative bodies of the Organization, and the permanent missions of Member States. This is consistent with the recently adopted integrated mission planning process for peace operations, which provides a sequential, integrated planning framework for both new missions and new phases of existing missions. The planning process emphasizes the need for integrated and synchronized planning among all functional areas of the Department of Peacekeeping Operations as well as with other departments and stakeholders in the planning process. The planning process is characterized by the sharing of information, which, in a series of steps, brings together the expertise of several disciplines, including political, military and police, logistical, financial, personnel, legal and procurement, enabling each to contribute effectively to the overall outcome.

10. As far as peacekeeping procurement is concerned, the most important interactions of the Procurement Division are with the Logistics Support Division, as

its major client, as well as the necessary interface with the peacekeeping missions. The Division also has extensive interactions on a regular basis with other United Nations departments, organizations of the common system, the Headquarters Contracts Committee, the Office of Legal Affairs, legislative bodies of the United Nations, OIOS, permanent missions and the commercial sections of the consulates of Member States.

11. The analysis of the Logistics Support Division concluded that, as a whole, its functions cannot be transferred to Brindisi because the majority of the critical core functions undertaken by the sections and services of the Division, including: operations, the Field Mission Systems Section, logistics operations (Operational Support Service), movement control (Operational Support Service), air transport, surface transport, supply, engineering, medical (all Specialist Support Service) and the Aviation Safety Unit, require "live" interaction with interlocutors external to the Division located at Headquarters. A number of functions within each of the sections/services do not depend critically on "live" interactions. These functions are, however, performed by staff with concurrent responsibilities for other functions that do require "live" interaction at Headquarters. Relocation of some staff within each specialized section would require the creation of additional layers of management as well as liaison functions to ensure continued immediate and efficient operational support. The analysis did consider that two functions of the Division, within the Field Mission Systems Section, could be performed at UNLB because they are essentially conducted through "delayed" interactions and the staff performing them do not have concurrent responsibilities. These functions are: developing information systems to meet the user communities' requirements; and testing and analysis of new systems prior to deployment.

12. As mentioned in paragraph 8 above, the Field Procurement Section and part of the Logistics and Transport Section are supported by the same common infrastructure within the Procurement Division that supports the Headquarters Procurement Section: the Office of the Chief and Support Services Section (vendor registration, IT support, contract support, registry, bid opening and archives). In addition, the Field Procurement Section, because it procures IT-related goods and services both for the field and Headquarters, would need to be divided and augmented with additional resources in order to maintain the same level of efficient operational support for its IT clients in New York and in the missions. Any division of the functions of the Procurement Division and the move of the Field Procurement Section and the Logistics and Transport Section would: require the creation of duplicate support and liaison infrastructures; weaken other important areas, such as management control and oversight over the procurement function in general; provide less cohesion and consistency within procurement; and weaken the capacity to manage and direct overall procurement strategies for reform and lead agency agreements within the United Nations system as a whole.

V. Conclusion

13. The review concluded that while there are some advantages in creating a procurement hub at UNLB, the disadvantages far outweigh them, in particular the negative operational impact on the functioning of the Procurement Division and the Logistics Support Division, with the exception of those services relating to the Field Missions Systems Section (see para. 11 above) if such functions were relocated to

Brindisi. Based on the above, it is considered that creating such a procurement hub for peacekeeping missions is not an efficient and effective use of the Organization's resources.

VI. Action to be taken by the General Assembly

14. **The General Assembly is requested to take note of the present report.**

Notes

[1] A/57/772/Add.9, para. 22.